Bluefield Solar Income Fund

Key Information Document

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

Product: Bluefield Solar Income Fund – GBP Ordinary Shares

PRIIP Manufacturer: Bluefield Solar Income Fund Limited

ISIN: GG00BB0RDB98

Website: www.bluefieldsif.com

Telephone number for more information: +44 (0) 1481 742 742

Document valid as at: 10/10/2024

Bluefield Solar Income Fund Limited is a non-cellular company limited by shares incorporated in Guernsey under the Law on 29 May 2013 with registered number 56708. Bluefield is regulated by the Guernsey Financial Services Commission as a registered closed-ended collective investment scheme. For more information write to us at PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY.

You are about to purchase a product that is not simple and may be difficult to understand.

What is this product?

Type

The Bluefield Solar Income Fund Limited (the **Company**, **BSIF**, "**we**" or "**us**") is a closed-ended investment company. You can invest in the Company by purchasing Ordinary Shares in the Company (the **Shares** or **product**). The Company will pool together the capital raised through the sale of the Shares to investors and use this to invest in a diversified basket of financial or other assets. The Company is self-managed by the Board of Directors (the **Board**), advised by Bluefield Partners LLP (**Bluefield or Investment Adviser**) and administered by Ocorian Administration (Guernsey) Limited, who together control where investments are made.

By purchasing the Shares, you will be exposed to the value of the underlying investments of the Company as well as market volatility. If the value of the underlying investments increases, the value of your Shares may increase, and you may also receive dividends. Conversely, if the value of the underlying investments decreases, you may make a loss, and the value of your Shares may decrease, and you may lose your initial investment.

Objective

The Company seeks to provide investors with an attractive return, principally in the form of regular sterling income distributions, by being invested primarily in solar energy assets located in the UK. It also has the ability to invest a minority of its capital into wind, hydro and energy storage assets. The Company, via its UK holding company, owns a large, diversified portfolio of operational solar energy assets, each located within the UK, with a focus on utility scale assets with high levels of regulated income. The Company will continue to be, primarily, invested in long life UK solar energy infrastructure, alongside a minority exposure to other renewable energy assets (including non-subsidised assets) and energy storage assets. Such minority exposure will be limited to a maximum of 25 per cent. of the Company's Gross Asset Value calculated at the time of investment. The Company's portfolio is expected to generate attractive returns over a 25 year, or greater, asset life.

Intended retail investor

The Shares are intended for sophisticated investors and private clients who understand and are willing to assume the potential risk of capital loss and understand that there may be limited buyers for the underlying investments of the Company and who have sufficient resources to be able to bear losses (which may equal the whole amount invested).

The Shares do not have a maturity or expiry date. There is no recommended holding period, but in order to make the product comparable to others a period of 5 years has been adopted in this document with performance scenarios illustrated below based on past price history, including reinvestment of the dividends that have been paid. You may be able to sell your Shares on the London Stock Exchange on any London business day between 8am and 4.30pm. Typically, at any given time on any given day, the price you pay to buy the Shares will be higher than the price at which you could sell them.

What are the risks and what could I get in return?

Risk Indicator

1	2	3	4	**5**	6	7

Lower risk ← → Higher risk

The risk indicator assumes you keep the Shares for the recommended holding period of 5 years.

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 5 out of 7, which is a medium-high risk class.

This rates the potential losses from future performance at a medium-high level, and poor market conditions will likely impact our capacity to pay you.

The value of the shares is sensitive to changes in legislation and UK Government policy relating to benefits, tax based or otherwise, provided to operators of renewable energy projects and assets.

Purchasing shares does not include any protection from future market performance so you could lose some or all of your investment.

Performance Information

The main factors that affect the performance of the Company are:

- the weather conditions in the UK and other factors that affect the energy output of solar and wind assets;
- the power prices in the UK energy markets;
- the ability of the Investment Adviser to identify and secure further acquisitions; and
- the economic and market conditions in the UK.

Since the Shares began trading in July 2013, the Company has delivered an annualised shareholder total return of 7.1% per annum with an annualised volatility of 14.3%. For comparison, over the same period, the broader UK equity market, the FTSE All Share, returned 6.1% per annum, with an annualised volatility of 14.7%.

To examine evidence for the longer-term performance of the Company, we backfilled the performance of the product with UK energy sectors and UK Infrastructure sectors. This data set was dynamically reweighted based on available data to give a full daily performance history going back to the 1st January 1999.

Our ex-ante moderate performance scenario is an annualised return of 9.9% over the recommended holding period of five years. We have used this return in our reduction in yield calculations in the 'What are the Costs?' section below.

Over a rolling five-year period, the proxy had an average annualised daily volatility of 16.9% over rolling five-year periods. However, during periods of stress in the energy markets, the one-year volatility of the proxy temporarily increased to 36.6%.

What could affect my return positively?

Specific factors that affect returns positively would be favourable weather for the solar and wind assets to generate energy, the ability of the Investment Adviser to carry out the investment objective effectively through negotiating beneficial power sales contracts, careful due diligence and acquisition of sites with good meteorological conditions, and the ability of the Company to effectively raise capital in the future. A broad factor that would contribute to positive returns would be overall good trading conditions for the UK renewable energy markets. Maintaining good financing terms within the underlying special purpose vehicles will also benefit future performance. In addition, external factors such as improvements in the valuation of UK equities, and UK Utilities and Electricity markets is also likely to benefit the product too. These factors have been positively correlated to the proxy's performance, with stronger correlation during larger market movements. The proxy's most favourable performance over a one-year period was 51.2%. Over the longer recommended holding period of five-years, we identified the favourable rolling five-year performance of the proxy to be 21.5% per annum.

What could affect my return negatively?

Specific factors that affect returns negatively would be poor energy output of assets through unfavourable weather conditions and/or systematic faults in PV panels or other necessary equipment; failure to achieve the investment objective; unforeseen falls in power prices; and a change in public attitude for renewable energy. Unfavourable regulatory changes to the UK renewable energy sector will likely affect returns negatively and falling valuations in global financial markets and UK equity markets would also likely be linked to lower returns. The proxy's least favourable performance over a rolling one-year period was -33.2%; and over longer periods, the proxy had a minimum five-year rolling return of 0.2% per year.

What could happen in severely adverse market conditions?

During Covid-19, the Company experienced a loss of 26.4% of shareholder value between January 2020 and March 2020, before recovering in February 2021. Using the longer history of the proxy prior to 2013, the proxy experienced a loss of 37.3% between June 2001 to January 2003. The proxy recovered back to its June 2001 level in Oct 2004. Under severely adverse market conditions, the value of the Product is likely to fall by similar amounts relative to the scale of the market crash. During such periods of stress, there is a risk that the capital value of an investment in the Company's shares could reduce significantly, potentially down to zero.

What happens if the Company is unable to pay out?

The Company is not required to make any payment to you in respect of your investment. If the Company were liquidated, you would be entitled to receive a distribution equal to your share of the Company's net assets, i.e. after payment of all of its creditors. No service provider to the Company has any obligation to make any payment to you in respect of the Ordinary Shares. There is no compensation or guarantee scheme in place that applies to the Company and, if you invest in the Company, you should be prepared to assume the risk that you could lose all of your investment.

What are the costs?

The Company is aware of the Financial Conduct Authority's Statement on forbearance in relation to investment trust disclosure requirements dated 19 September 2024, however, we have decided to continue to comply with the requirements of the PRIIPS Regulation until the regulatory requirements are clear. The Reduction in Yield (RIY), being a requirement of the PRIIPS Regulation, shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs. The amounts shown here are the cumulative costs of the product itself, for three different holding periods. The figures assume you invest GBP10,000. The figures are estimates and may change in the future.

However, in purchasing Ordinary Shares in the Company, as with shares in listed companies more generally, there should be no additional costs paid by you other than broker commission, platform fees, advisory fees and/or stamp duty. As a listed company, the Company's operating costs are disclosed in its audited Annual Report and Financial Statements. The Association of Investment Companies (AIC) has recommended that investment trusts also disclose an Ongoing Charges ratio. This is calculated annually as a percentage of the average net assets and provides an indication of the underlying day-to-day running costs of the Company, assuming no transactions, no changes in the markets and therefore no performance-related amounts. The most recent figure for the year to 30 June 2024 was **1.02%**, with further information on the calculation of the Ongoing Charges, as well as costs more generally, set out in the Annual Report and Financial Statements. **For the avoidance of doubt, the ongoing costs and transaction costs are not additional costs paid by shareholders to the Company. The Company's published net asset value is net of all costs/fees incurred by the Company and/or within the underlying investment portfolio.**

Costs over time

The person selling you or advising you about this investment may charge you other costs. If so, this person will provide you with information about these costs and show you the impact that all costs will have on your investment over time.

For the table below, we have assumed:

- In the first year, you would get back the amount that you invested (0 % annual return).
- For the other holding periods, we have assumed that the product performs in line with a moderate scenario shareholder return of 9.94% per annum, which was calculated as the median five-year return of the Company over the last ten years.

Investment of £10,000	If you cash in after 1 year	If you cash in after 3 years	If you cash in at the end of the recommended holding period
Total Costs	**£292**	**£1,191**	**£2,491**
Impact on return (RIY) per year	2.92%	3.17%	3.19%

Composition of costs

The table below shows:

- The impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period;
- The meaning of the different cost categories.

This table shows the impact on return per year

One-off costs	**Entry costs**	N/A	No entry costs are payable when you acquire Ordinary Shares, although you may be required to pay your own broker fees or commissions.
	Exit costs	N/A	No exit costs are payable when you dispose of Ordinary Shares, although you may be required to pay your own broker fees or commissions.
Ongoing costs	**Portfolio transaction costs**	0.32%	These costs relate to the buying and selling of underlying investments in accordance with the PRIIPS Regulation. **These costs are not payable by you to the Company or its Investment Adviser. Costs are incurred by the Company and within its underlying investment portfolio, as disclosed in the Company's Annual Report and Financial Statements.**
	Other ongoing costs	2.87%	These costs relate to the ongoing expenses of running the Company in accordance with the PRIIPS Regulation. **These costs are not payable by you to the Company or its Investment Adviser. Costs are incurred by the Company and within its underlying investment portfolio, as disclosed in the Company's Annual Report and Financial Statements.**
Incidental costs	**Performance fees**	N/A	The Company does not pay a performance fee.
	Carried interest	N/A	The Company does not pay carried interest.

How long should I hold it, and can I take money out early?

The Shares do not have a maturity or expiry date, however, for the purposes of this document a recommended holding period of 5 years has been used for calculations. Shares are tradeable (in accordance with the Company's Articles of Association) on the London Stock Exchange on any London business day between 8am and 4.30pm. There are no exit costs for selling the Shares, however you may have to pay brokerage fees, commissions and other related costs, payable to entities other than the Company, as a result of selling the Shares.

How can I complain?

If you have any complaints about the product or the conduct of the product manufacturer, you may make a complaint by visiting our website, which lists our contact information, at www.bluefieldsif.com, by email at BluefieldTeam@ocorian.com or write to us at PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY.

Other relevant information

If you wish to find out further information in relation to the Company, please visit our website at www.bluefieldsif.com or to view the Prospectus for the Company go to www.bluefieldsif.com/investor-relations/publications. The cost, performance and risk calculations included in this KID follow the methodology prescribed by UK rules.